

On Saturday, October 9, 2004, the Los Angeles Times reported that Sinclair Broadcast Group, the largest owner of local television stations in the United States, would be ordering its nationwide affiliates to preempt regular prime-time programming between October 21-24 to air "Stolen Honor: Wounds that Never Heal." The film features "former POWs accusing [presidential candidate John] Kerry...of worsening their ordeal by prolonging the war." This highly unusual move is an obvious, brazen attempt to sway the opinions of voters in favor of George W. Bush at the time most likely to affect the vote. To those who have been watching Sinclair, this move comes as no surprise. It is simply the latest in a long line of maneuvers undertaken by a company that has used its privileged, free access to the public airwaves to further its own agenda. Sinclair owns, operates, and programs (as of this writing) 62 TV stations in 39 markets, including 14 in key political swing states. These stations include affiliates of all of the major broadcast networks (ABC, NBC, CBS, Fox, WB and UPN). By the

company's estimates,
Sinclair's TV
stations
reach 24% of U.S.
television
households—although
the true number may
in fact be much
higher.

Broadcast licenses
do not represent
permission for a
company to do
whatever it pleases
with our
airwaves.

Broadcasters who use
our public airwaves,
free of charge, are
obligated by law to
serve

the public interest.

Evidence cited in
this document shows
the Sinclair

Broadcast Group to
be

single-minded in
their pursuit of
commercial and
political gain, with
very little apparent
intention
to serve the public
good.

Every eight years,
television and radio
broadcasters must
have their licenses
to use the public
airwaves renewed.

This is the one
opportunity citizens
have to hold their
broadcasters
accountable

for their actions.

The objective of
this report is to
provide citizens
with information on
the

operating practices
of Sinclair

Broadcast Group in
anticipation of
upcoming license
renewals.

Key Findings

This report presents
a compendium of
Sinclair Broadcast
Group's worst
excesses, including:

- Replacement of

local news coverage with prerecorded, 'centralized' programming. Entire segments of 'local' news are actually produced at Sinclair's "News Central" in suburban Maryland and then rebroadcast at local affiliates across the country. The practice, designed as a cost-cutting measure, has resulted in the loss of local voices across the country, less resources for genuine local reporting, and staff cuts.

- Use of privileged access to the public airwaves to promote its own agenda. Sinclair has a record of using its access to scarce public airwaves to support Republican viewpoints at the cost of serving the public interest. Sinclair's near-exclusive support for the GOP has coincided with consistent Republican leadership support for media regulatory policies that would bolster Sinclair's bottom line, largely by allowing the purchase of additional local television stations in markets which Sinclair has approached (or surpassed) present ownership limits.

- Engaging in ethically and legally questionable practices in order to expand market holdings. Sinclair's drive to expand its media empire is

enabled by the maintenance of an outdated regulatory loophole, the "UHF Discount", which is no longer sound policy. Additionally, Sinclair maintains a suspicious relationship with another company, Cunningham Broadcast, which enables Sinclair to control the programming of more stations than is presently permissible in several markets. Sinclair Broadcasting's decision to force their stations to air an anti-Kerry documentary days before the election is a clear example of the dangers of media consolidation. At a time when more Americans get their news from television than any other source, Sinclair has pioneered the disturbing practice of television news 'central casting.' Entire segments of 'local' news broadcasts are recorded at Sinclair's centralized news operation, "News Central," near their corporate headquarters in suburban Maryland. These segments are then piped to Sinclair-owned stations across the country, where they are presented as "local news." "News Central" productions include national and international news, sports, and weather. Tuning in to their 'live'

and 'local' news, viewers nationwide have no indication that the sports reporter providing highlights of the game, the anchor reporting the national news, and the weatherman reading the forecast for their city were all pre-recorded in a studio thousands of miles away.

The practice, designed as a cost-cutting measure, has resulted in the loss of local voices across the country:

- ABC affiliate KDNL in St. Louis fired its entire news staff in 2002.

- Fox affiliate KOKH-25, in Oklahoma City, fired the entire sports department, the entire weather department, one photojournalist, one reporter and 6 other full and part-time staff.

- Fox affiliate in Rochester, WUHF, fired the entire news, weather and sports anchor team, and half of the remaining staff.

- About a third of the Raleigh WLFL-22-WB news staff was fired.

- 25% of the staff at Pittsburgh's Fox affiliate, WPGH-53, was fired in 2003, including a veteran weathercaster and several key reporters.

- The entire staff (a total of 35 people) at WXLV-TV, the ABC affiliate in Greensboro, NC, was fired in 2002. This process of

'news centralization' has dire implications. Less resources are made available for genuine investigative reporting; less stories are produced that enable citizens to make decisions in local elections; broader local trends cease to be covered; and, tragically, local communities that find themselves already underrepresented and misrepresented find themselves even more so.

'Central-casting' is not only detrimental to the quality of news journalism; it has the potential to be dangerous. In 2003, as tornados swept through parts of the country and up-to-the-minute warnings were necessary, Sinclair's 'Weather Central', the weather department of 'News Central', ran a pre-taped forecast that was days old.

Sinclair has a record of using its privileged access to the airwaves to support Republican viewpoints, with both its programming choices and its monetary resources. While these activities are entirely legal, Sinclair's exclusive support for the GOP has coincided with consistent Republican leadership support for media regulatory policies that would bolster Sinclair's bottom line, largely by

allowing the purchase of additional local television stations in markets in which Sinclair has approached (or surpassed) present ownership limits. Strong monetary support for consolidation-friendly legislators

According to the Center for Responsive Politics, in the 2004 election cycle, Sinclair Broadcast gave over \$67,000 in political donations, making it the #12 contributor among all broadcasting groups;¹ 97% of its contributions went to GOP candidates. In both the 2000 and 2002 election cycles, 98% of Sinclair's contributions went to the GOP.

According to campaign finance records, four of Sinclair's top executives have each given the maximum campaign contribution to the Bush-Cheney re-election campaign in 2004, while making no donations to John Kerry's campaign.²

A megaphone for the Republican party: 'Nightline'

Censorship of US Troop Fatalities

Sinclair's most widely publicized foray into partisan politics occurred when the company opted to 'black out' the April 30, 2004 edition of Nightline with Ted Koppel on the ABC affiliates owned by the company. The

program, a tribute to the American troops who had lost their lives in the war in Iraq, consisted of Koppel reading the names of those killed, accompanied on screen by a photo of each soldier. Recognizing that such an acknowledgement of the human costs of war had the potential to undermine public support for the Bush administration, Sinclair forbade its ABC-owned stations from airing the show, ironically accusing Nightline of playing politics. The censorship of Nightline meant that citizens in St. Louis, Asheville NC, Greensboro NC, Columbus OH, Springfield MA, Charleston WV, and Mobile AL could not see the program. Sinclair's action was met with near universal derision by Republicans and Democrats alike, as well as veterans, military families, and the general public. The broadcast industry publication Broadcast & Cable commented in an editorial, "Sinclair has simply replaced Nightline's worthy tribute with its own political agenda."³ Stations forced to offer 'full support for the President' Soon after the 9/11 attacks, Sinclair demanded that their station affiliates express allegiance to the Bush

administration on the air. All Sinclair stations across the country ran spots expressing support for the President. At WBFF in Baltimore, weathermen and even sports reporters were forced to read statements expressing their full support of George W. Bush.

'The Point': Local stations must broadcast one-sided political commentary as part of 'local' news

Stations owned and operated by Sinclair across the country are required to play a pre-recorded editorial message, called The Point, read by Sinclair Broadcast's Vice President for Corporate Relations, Mark Hyman. The Point is produced at "News Central" in suburban Maryland, sent to local affiliates, and presented as if it originated locally as part of the 'local' news.

The Point consistently espouses ultra-conservative viewpoints, often peppered with the talking points of the Bush administration. A sampling of just one week's archives of The Point (July 20-26, 2004) included the following:

Sinclair's political agenda makes good business sense. Republican leadership has consistently championed deregulatory

policies favoring large media corporations, with companies such as Sinclair standing to profit.

Most notably, in 2003, after 71 closed-door meetings with big media lobbyists, executives, and industry groups, the Republican-controlled FCC pushed through new media ownership rules that would have allowed broadcasting companies such as Sinclair to vastly expand their media empires. Among the FCC rule changes included a weakening of the television "Duopoly Rule," which restricts companies from controlling more than one major network-affiliated television station in a community unless there are at least eight other independently-owned stations in the same area. This rule was originally enacted to ensure a diversity of voices within a community. The FCC sought to reduce this number to five, opening the door for a significant market expansion for Sinclair Broadcast and other large media companies. This FCC policy revision would have represented a major victory for Sinclair: In 2002, the company attempted a legal challenge of the Duopoly Rule, offering an argument that the rule was an infringement of

their 1st Amendment rights. The court rejected this argument, finding that Sinclair had “no First Amendment right to hold a broadcast license where it would not satisfy the [FCC’s] public interest standards.”⁷ In short: the FCC mandate to ensure the public airwaves serve the public interest came before any claim Sinclair had to its “First Amendment rights.” In the end, much to the displeasure of Sinclair and other broadcasting heavyweights who had invested heavily in the lobbying effort to loosen the media ownership limits, the U.S. Third Circuit Court of Appeals rejected the FCC rule changes in 2004, remanding them to the agency for further revision. Sinclair Broadcast has announced that it will appeal the ruling.

The Outdated “UHF Discount”: Audience reach exceeds national cap due to outmoded regulation Sinclair is the beneficiary of an obscure FCC regulation that dates back almost twenty years. Called the “UHF Discount,” the rule has long lost its relevance but remains in place allowing companies like Sinclair to expand their market reach beyond current FCC limits. In 1985, the FCC adopted the

"National Audience Reach" method of measuring and limiting television ownership, holding UHF stations (channels 14-69) to less stringent standards than VHF stations (channels 1-13) whose signals were much stronger and therefore capable of reaching a wider audience. To accommodate for this difference, the FCC created a system of audience measurement whereby UHF stations were attributed with only 50% of a market's theoretical audience reach—thus, the "discount." (At present, no entity is allowed to reach greater than 39% of a national audience, as calculated when taking into account this discount.) The UHF discount made sense in 1985, when only 30% of American homes were connected to cable⁸ and Direct Broadcast Satellite (DBS) did not exist. But today, 86% of households are connected to either cable or DBS⁹, rendering moot the difference between UHF and VHF signals in 86% of American homes. (In fact, when the transition to Digital TV takes place, 94% of all digital television stations will be UHF.) Oddly, the UHF discount remains in place to the significant benefit of companies like

Sinclair.
The Media Access
Project has
calculated that
should the FCC
continue to adhere
to the 50% UHF
discount, in a
national market in
which most stations
are UHF and in which
the reach of these
stations is the same
as VHF, the
'national cap'
effectively
doubles¹⁰; thus, a
nationally-set
audience
reach cap of 39% is,
in fact, potentially
a 78% cap.

Sinclair uses the
public airwaves free
of charge, and is
obligated by law to
serve the public
interest. But when
large companies
control the
airwaves, we get
more of what's good
for the bottom line
and less of what we
need for our
democracy. Instead
of something
produced at "News
Central" far away,
it's more important
that we see real
people from our own
communities and more
substantive news
about issues that
matter.
The vast majority of
stations owned and
controlled by
Sinclair – 54 out of
62, or 87 % – are,
in
fact, UHF stations.
When the national
audience reach is
calculated for
Sinclair Broadcast
for
regulatory purposes,
all 54 of the UHF
stations owned by
the company have
their audience share
counted at only 50%

of their actual reach due to the UHF discount. Calculated thusly, Sinclair offers a figure estimating a 24% national audience reach. Without the discount, the actual number is likely to actually exceed the 39% national cap. As reported in Broadcast & Cable, the UHF discount has, quite simply, "allowed companies like...Sinclair to assemble groups with more than 60 stations without violating the national limit."¹¹ Circumventing the law with pass-through corporations In order to bypass regulatory market reach limits, Sinclair has repeatedly acquired stations through the apparent use of a 'shell' company called Cunningham Broadcast (formerly known as Glencairn Ltd.). The relationship between the two companies began in 1991 when Sinclair bought a TV station in Pittsburgh (WPGH), a city in which the company already owned one station (WCWB).¹² At that time, ownership of more than one station in any single market was prohibited, forcing Sinclair to sell WCWB to that station's manager – and Sinclair employee – Eddie Edwards "on extremely favorable terms"¹³.

Sinclair continued running this station through a Local Marketing Agreement (LMA), in addition to its new acquisition.

In 1997, Sinclair had the opportunity to purchase four other stations from the Heritage Media Group.¹⁴ Sinclair was precluded from purchasing two of these stations due to the fact that it already owned stations in those cities, requiring the company to enlist Edwards to make the purchase once again.¹⁵ Carolyn Smith, mother of the four owners of Sinclair Broadcast, supplied the capital for these transactions and, together with Edwards, the two established Glencairn Ltd., with Carolyn Smith owning 70% of the non-voting stock. Glencairn – a company portrayed to regulators as independent of Sinclair Broadcast – proceeded to purchase all four stations. Soon after the purchase, control over these stations was transferred directly to Sinclair, which operated them through a LMA. Also in 1997, Sinclair acquired KABB in San Antonio, TX and WLOS in Asheville, NC.¹⁶ Glencairn joined Sinclair in making purchases of its own in these markets, buying KRRT in San Antonio and WBSC in Greenville,

SC (Greenville is considered to be in the same market as Asheville, NC). Once again, Sinclair began operating these new Glencairn acquisitions under LMAs in addition to its own new broadcast stations. Meanwhile, Carolyn Smith, who at this point controlled 90% of the equity in Glencairn, transferred her ownership interest to her grandchildren – the children of the principal owners of Sinclair itself. A year later, Sinclair and Glencairn sought to acquire ten new stations (five stations each)¹⁷ that were owned by another company, Sullivan Broadcast.¹⁸ While these stations were in completely separate markets, Glencairn's new additions would be in markets in which Sinclair already had a presence and was therefore restricted from purchasing any more stations. This time, however, seemingly emboldened by their past transactions, Sinclair and Glencairn did not conduct the transactions separately. Instead, Sinclair simply acquired the non-license assets of the stations Glencairn was to purchase; Glencairn would own only the broadcasting licenses themselves. Sinclair then leased

its non-license assets back to Glencairn and controlled the programming on these stations through LMAs! In 1999, the FCC changed its ownership rules which increased the number of stations that one company could own in a particular market. Responding to this rule change, an application Glencairn was preparing to acquire KOKH in Oklahoma City was revised – Sinclair, who already owned a station in the city and had previously been prohibited from acquiring another, was to replace Glencairn as the buyer.¹⁹ Glencairn then filed applications with the FCC to sell five more stations to Sinclair²⁰ – all in markets in which Sinclair already held stations and had previously been restricted from buying more. Public interest groups filed an immediate challenge to the Glencairn and Sinclair transaction with the FCC. In the course of the proceedings, it emerged that Eddie Edwards, the President of Glencairn, did not know the amount of debt that the company would assume with the station purchases in question, prompting FCC Commissioner Michael Copps to

question the integrity of the transaction and "Glencairn's independent decision-making ability."²¹ Copps was suspect of all but two of Glencairn's sales to Sinclair following the relaxation of the duopoly rule, stating, "this raises questions of whether these stations were merely owned by Glencairn but controlled by Sinclair until such time as Sinclair could own them under our revised multiple ownership rules."²² Copps also revealed that Glencairn was to be paid in Sinclair stock for the transactions. Despite the findings in the case, Sinclair was fined only \$40,000 by the FCC and was not required to divest any of the stations in question. In his dissenting statement, Commissioner Copps lamented that the FCC's decision "merely point[ed] out that lines have been crossed, while allowing Sinclair to run over those lines and to continue its multiple ownership strategy."²³ Even after being fined by the FCC for bending ownership rules, Sinclair has continued trying to acquire stations in markets in which it already owns an existing station. Following the FCC's sweeping regulatory

changes in 2003, when media ownership rules were in a state of uncertainty, Sinclair announced it would attempt to take advantage of this ambiguity by acquiring five stations held by Glencairn that it had been previously barred from purchasing.²⁴ Sinclair continues to control programming of Glencairn-owned stations through LMAs in several markets. (Glencairn has since changed its name to Cunningham Broadcast.) Cunningham/Glencairn stations exist only in markets in which Sinclair stations also operate and in which Sinclair cannot own another station under FCC ownership rules.

A word about Sinclair and Local Marketing Agreements. It is considered the norm for stations that are operated under 'Local Marketing Agreements' (like the Cunningham/Glencairn stations noted above) to receive programming from another company (such as Sinclair) – but these stations are nonetheless responsible for their own public affairs content. While Sinclair may mandate a policy within the company, such as a demand that all owned and operated stations air a

certain program,
this does not
mitigate the
individual stations'
obligations to their
viewers.

Should Sinclair
force all of its
stations operated
under Local
Marketing Agreements
to air "Stolen
Honor," this would
be considered a very
questionable legal
breach of operating
procedure. It
would reveal that
these stations,
while possessing
their own broadcast
licenses, truly have
no

control over their
own content, which
will raise any
number of questions
relating to media
ownership rules and
their enforcement.
Of Sinclair's 62
station holdings, 11
stations are
operated under Local
Marketing Agreements
(with two others
operated through
what Sinclair calls
"outsourcing
agreements"). Among
these, at
least six stations
have a broadcast
license owned by
Cunningham
Broadcast.

"...this raises
questions
of whether these
stations were merely
owned by Glencairn
but controlled by
Sinclair until such
time as Sinclair
could
own them under our
revised multiple
ownership rules."

—Michael Copps

Conclusion

Sinclair Broadcast
Group is in the
business of
informing the
American electorate,

and makes its profits using public property—the public airwaves. These airwaves are granted, free of charge, with the understanding that the caretaker of these airwaves will serve the public interest. Yet despite an unbridled appetite for corporate expansion, and a single-minded pursuit of a profit-driven agenda, Sinclair has demonstrated little to no regard for the public interest and even less concern for the information needs of the citizenry.

Meanwhile, the company's practices have raised both legal and ethical questions with regulators as well as public interest groups.

The American public has the opportunity to challenge local Sinclair broadcaster's use of the public airwaves only once every eight years.

(Visit www.sinclairwatch.org to find out when specific state's television licenses are up for renewal.)

It is hoped that this report will aid citizens in taking back the airwaves that are rightfully theirs.

1 Elizabeth Jensen, "Conservative TV Group to Air Anti-Kerry Film," Los Angeles Times, Oct. 9, 2004,

<http://www.latimes.com/business/la-na-sinclair9oct09,1,4817545.story?coll=la-home-headlines>

2 "'Nightline' airs war dead amid controversy", CNN.com, May 1, 2004, <http://www.cnn.com/2004/SHOWBIZ/TV/05/01/abc.nightline/index.html> (accessed Sep. 15, 2004)

3 "Sinclair's Shame", Broadcast & Cable, May 3, 2004

4 Tom Roskelly, "Alarmist Claims About Mercury Are A Health Hazard", , March 26, 2004, http://www.annapoliscenter.org/skins/default/display.aspx?CategoryID=dbbe9df0-8d97-48ec-8180-9c643ff274b4&ObjectID=c89c288b-ae34-43f2-8de2-dbfeac8c8706&Action=display_user_object&Mode=user&ModuleID=7c9ceb83-996f-4fef-a25b-2d7e26de59dd (accessed Sep. 15, 2004)

5 Harold M. Koenig, "Asthma: Separating Facts from Fiction", 2001, <http://www.annapoliscenter.org/skins/default/display.aspx?moduleid=586e8b03-5ef2-4e6b-b3f6-1ebbb8c75647&mode=User&action=search&ObjectID=79eae106-6e70-4384-8fc1-1a99e8fac1f0&SearchAll=asthma&SearchAny=&SearchWithout=&SearchModuleIDs=> (accessed Sep. 15, 2004)

6 Harold M. Koenig , "Study Finds No Support for Global Warming Fears", March, 2000, <http://www.annapoliscenter.org/skins/default/display.aspx?moduleid=586e8b03-5ef2-4e6b-b3f6-1ebbb8c75647&mode=User&action=search&ObjectID=79eae106-6e70-4384-8fc1-1a99e8fac1f0&SearchAll=study+global+warming+fears> (accessed Sep. 15, 2004)

7 wiley, Rein & Fielding, "Mass Media Update", May 2002, http://www.wrf.com/db30/cgibin/pubs/MMU_0205.pdf (accessed Sep. 15, 2004)

8 Jerome M. Marcus, Opening Brief of Intervenor Capitol Broadcast Company, Inc. in docket number 03-127, Prometheus Radio Project vs. FCC et al., October 21, 2003 , p. 8

9 Ibid.

10 Ibid, p. 35.

11 Bill McConnell,

"FCC Rules at Stake
in Philly",
Broadcast & Cable,
February 9, 2004
12 Barbara Vancheri,
"Edwards forms group
to buy radio, TV
stations,"
Pittsburgh
Post-Gazette
13 Statement of FCC
Cmsr. Michael Copps,
In the Matter of:
Various Applications
for Assignment of
License and
Transfer of Control
of Certain
Television Licenses
to Sinclair
Broadcast Group,
Inc., and Glencairn
Ltd., 2001, at
<http://www.fcc.gov/Speeches/Copps/Statements/2001/stmj133.html>
14 KOKH Oklahoma
City; WCHS
Charleston, WV; WEAR
Mobile,
AL-Pensacola, FL,
and WPTZ Burlington,
VTPlattsburgh,
NY. See "Sinclair to
Acquire Heritage
Media Stations; Deal
to Add 6 TV Stations
and 24 Radio
Stations," July 16,
1997, at
<http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=105&STORY=/www/story/7-16-97/278008>
15 Statement of FCC
Cmsr. Michael Copps,
In the Matter of:
Various Applications
for Assignment of
License and
Transfer of Control
of Certain
Television Licenses
to Sinclair
Broadcast Group,
Inc., and Glencairn
Ltd., 2001, at
<http://www.fcc.gov/Speeches/Copps/Statements/2001/stmj133.html>
16 Ibid.
17 Sinclair acquired
WUTV Buffalo; WMSN
Madison; WRLH
Richmond; WXLV
Winston-Salem; and
WZTV
Nashville while
Glencairn acquired
WRGT Dayton; WTAT
Charleston, SC; WVAH

Charleston, WV; KOKH
Oklahoma City; and
W34BX Bluefield, WV.
18 Supra note 12
19 Christopher
Stern, "Rainbow
Files FCC
Complaint," Variety,
Aug. 4, 1998,
http://www.variety.com/index.asp?layout=upsell_article&articleID=VR1117479105&cs=1
20 KKRT San Antonio;
WTV Milwaukee; WRDC
Raleigh-Durham; WABC
Birmingham; and WFBC
Anderson,
SC
21 Statement of FCC
Cmsr. Michael Copps,
In the Matter of:
Various Applications
for Assignment of
License and
Transfer of Control
of Certain
Television Licenses
to Sinclair
Broadcast Group,
Inc., and Glencairn
Ltd., 2001, at
<http://www.fcc.gov/Speeches/Copps/Statements/2001/stmj133.html>
22 Ibid
23 Ibid
24 WGRT Dayton,
Ohio; WTAT
Charleston, S.C;
WVAH Charleston,
W.Va.; WTTE,
Columbus, Ohio; and
WNUV,
Baltimore.

Sinclair's actions
show why we need to
strengthen media
ownership rules, not
weaken them. They
show why the license
renewal process
needs to involve
more than a returned
postcard. Thank you.